

California Code of Regulations

Title 5: **Education**
Division 4.5: **Scholarshare Investment Board**
Chapter 2: **Governor's Scholarship Programs**

Section 31000 Definitions Applicable to Governor's Scholarship Programs

- (a) Definitions. The following definitions shall apply within this Chapter:

Account means the formal record of transactions consistent with Section 529 of the Internal Revenue Code.

Account owner means the State of California acting pursuant to Education Code Section 69995, *et seq.* as owner of qualified scholarship accounts for award recipients.

Award notification letter means the letter delivered to a pupil through his or her school which provides: (1) notice of and instructions for claiming a Governor's Scholars Award; (2) identification of an Internet site to use to claim the award; and (3) a unique identifying number to the pupil.

Award recipient means a pupil who has been identified as the recipient of a scholarship award defined in Education Code Section 69997 or 69998 and who has successfully claimed at least one scholarship award.

Claim means the submission of information by a pupil or award recipient in accordance with Section 31001 of this Chapter, to establish his or her identity as the recipient of a scholarship award.

Pupil means a student who has been identified as the recipient of a scholarship award defined in Education Code Section 69997 who has not yet successfully claimed at least one such award.

Qualified scholarship account means an account opened by the account owner for the benefit of award recipients in accordance with Sections 117 and 529 of the Internal Revenue Code.

Qualified scholarship account distribution means a withdrawal from the qualified scholarship account in accordance with Sections 117 and 529 of the Internal Revenue Code and is referred to herein as a distribution.

Scholarship award means either a Governor's Scholars award defined in Education Code Section 69997 or a Governor's Distinguished Mathematics and Science Scholars award defined in Education Code Section 69998.

Scholarshare Investment Board's designee means the entity designated by the Scholarshare Investment Board to invest and manage funds on behalf of the account owner.

(b) A "written notification," "written request" or "written confirmation" may include an electronic notification, electronic request or electronic confirmation containing an electronic signature that is acceptable under California or federal electronic signature laws.

Section 31001 Claiming A Scholarship Award

(a) Each time a pupil is notified by an award notification letter of that pupil's eligibility for a Governor's Scholars award, or at the point at which an award recipient certifies that he or she has met the requirements for a Governor's Distinguished Mathematics and Science Award, the pupil or award recipient shall provide the Scholarshare Investment Board's designee with the following information to successfully claim the award:

- 1) the pupil's name as it appears on the award notification letter;
- 2) the pupil's birth date;
- 3) the pupil's Social Security number or taxpayer identification number;
- 4) the pupil's mailing address;

5) a contact telephone number;

~~5~~6) the unique identifying number assigned to the pupil as set forth in the award notification letter for the Governor's Scholars Award;

~~6~~7) a designation of the type of scholarship award claimed by the pupil or award recipient as either a Governor's Scholars award or a Governor's Distinguished Mathematics and Science Scholars award;

~~7~~8) a certification by the pupil or award recipient that the pupil or award recipient was enrolled in a California public school for at least twelve (12) consecutive months immediately preceding the administration of the achievement test referred to in Education Code Section 69995(d)(1) that was used as the basis for the award(s); and a statement agreeing to provide school records evidencing such attendance if requested by the Scholarshare Investment Board; and

- ~~8)9)~~ a certification by the award recipient that if claiming a Governor's Distinguished Mathematics and Science Scholars Award, the award recipient has achieved the required scores, pursuant to Education Code Section 69998, on the Advanced Placement (AP) exam authorized by Education Code Section 52241, International Baccalaureate (IB) exam authorized by Education Code Section 52920 or, if applicable, the Golden State Exam (GSE) authorized by Education Code Section 60650.
- (b) Upon receipt of a claim for a Governor's Scholars award that contains in a complete manner all of the information set forth in paragraph (a) of this Section, and if all provided information matches information received from the test publisher, the Scholarshare Investment Board's designee shall establish, within thirty (30) days of receipt of such claim, a qualified scholarship account for the award recipient and send a written confirmation to the award recipient.
- (c) Upon receipt of a claim for a Governor's Distinguished Mathematics and Science award that contains in a complete manner all of the information set forth in paragraph (a) of this Section with the exception of the unique identifying number, and if the test score information provided by the test publisher matches the test score requirements specified in Sections 69997 and 69998 of Education Code or as modified by the Board of Education pursuant to Section 69998, the Scholarshare Investment Board's designee shall send a written confirmation to the award recipient within thirty (30) days ~~of the notification of the confirmation by the Scholarshare Investment Board.~~
- (d) Any scholarship award subsequent to the award recipient's first scholarship award that is successfully claimed by the award recipient, shall be maintained by the Scholarshare Investment Board's designee in the same qualified scholarship account first established for the award recipient. The Scholarshare Investment Board's designee shall provide an annual statement of account activity and interest rate to each award recipient.
- (e) If the pupil or award recipient provides information that conflicts with information provided by the State of California or the test publisher selected pursuant to Education Code Section 60642, the Scholarshare Investment Board's designee shall reject the claim and inform the pupil or award recipient that the claim cannot be processed. A pupil or award recipient whose claim is so rejected, may resubmit the claim for a scholarship award within the allowable time period specified in paragraph (h) by providing the missing or corrected information.
- (f) If, after a qualified scholarship account is established for an award recipient, it is discovered that the information referred to in paragraph (a) of this section as provided by the award recipient contains an error or conflicts with information provided by the State of California or test publisher, the Scholarshare Investment Board or its designee shall require the award recipient to provide sufficient documentation to resolve the error or conflict. If the error or conflict cannot be

resolved, the Scholarshare Investment Board may require the award(s) to be forfeited pursuant to Section 31005.

- (g) The Scholarshare Investment Board or its- designee shall verify the qualifying exam scores of each award recipient claiming a Governor's Distinguished Mathematics and Science Award through the respective publishers of the Advanced Placement exam, International Baccalaureate exam, and, if applicable, Golden State Exam. If the Scholarshare Investment Board's designee is unable to verify the award recipient's scores ~~on Advanced Placement exam, International Baccalaureate exam, or Golden State Exam through the College Board, International Baccalaureate Organization, or the State Department of Education, respectively,~~ the Scholarshare Investment Board's designee shall reject the claim and inform the award recipient that the claim cannot be processed. The award recipient whose claim is so rejected may appeal the rejection pursuant to section 31007. Such an appeal shall include shall require the award recipient to submit a copy of ~~his or her~~ the award recipient's official score report(s) from the test publisher that indicates a qualifying score.
- (h) Each pupil who is eligible to claim a Governor's Scholarship Programs Award shall claim the award by June 30th following the five year anniversary of taking the achievement test referred to in Education Code Section 60640, which was used as the basis for that particular award, or lose eligibility for the award. Any funds not claimed by June 30th following the five year anniversary of taking the achievement test specified in Education Code Section 60640 shall revert to the General Fund.

Section 31002 Ownership of Scholarship Award

- (a) The account owner owns all scholarship awards and earnings thereon in qualified scholarship accounts until a qualified distribution is made.
- (b) An award recipient's right to claim a scholarship award is not transferable to another individual. An award recipient's right to direct a distribution is not transferable to another individual.

Section 31003 Accuracy of Information Assumed

- (a) Notwithstanding any other provision in this Chapter, the Scholarshare Investment Board's designee shall rely upon the accuracy of information provided by the pupil or award recipient under Section 31001(a) unless and until it receives actual notice to the contrary from the State of California, the College Board, the International Baccalaureate Program, or the test publisher selected pursuant to Section 60642, or other credible source.

- (b) Notwithstanding any other provision in this Chapter, the Scholarshare Investment Board and its designee shall rely upon the accuracy of test score information provided by the test publishers for examinations used as the basis for awards. If errors are identified with test score information, the test publisher shall provide corrections to the Scholarshare Investment Board and its designee. These corrections to the erroneous test score information shall be in the same electronic format as the original file.

Section 31004 Distribution Of Award

- (a) To request distribution of funds, an award recipient shall submit a written request that provides the following information:
- 1) the award recipient's name as it appears on the annual account statement;
 - 2) the award recipient's account number;
 - 3) the award recipient's Social Security number or taxpayer identification number;
 - 4) the award recipient's mailing address;
 - 5) the name and address of the eligible educational institution;
 - 6) the academic year for which the distribution is intended;
 - 7) the amount of qualified higher education expenses to be paid out by the distribution;
- (b) The Scholarshare Investment Board or its designee may require additional documentation prior to the distribution of funds.
- (c) A separate written request must be submitted for each distribution.
- (d) Distributions shall be made only to eligible educational institutions.
- e)(e) Award recipients shall provide a certification that the distribution shall be used for qualified higher education expenses, that no other request has been submitted previously for payment of the referenced qualified higher education expenses and that any portion of the distribution that is refunded to the award recipient and not used for qualified higher education expenses shall be returned to the Scholarshare Investment Board's designee in the tax year in which the refund was received by the award recipient.

- (f) Written requests for distributions shall be processed by the Scholarshare Investment Board's designee within thirty (30) days of receipt of the request or within thirty (30) days of receipt of additional documentation requested by the Scholarshare Investment Board or its designee.

Section 31005 Forfeiture Of Scholarship Award

- (a) The following disqualifying events, if not disproved, will result in forfeiture by the award recipient of the scholarship award:
- 1) the award recipient provided false or misleading information in claiming the scholarship award;
 - 2) the award recipient was wrongly identified as receiving a scholarship award;
 - 3) one or more of the award recipient's test scores used as the basis for the scholarship award were invalidated; or
 - 4) the award recipient failed to provide the documentation referred to in paragraph (f) of Section 31001 of this Chapter;
- (b) ~~Before an award recipient's scholarship award and any earnings thereon are forfeited, t~~The Scholarshare Investment Board shall provide the award recipient with written notice of the disqualifying event which, if not resolved, would result in forfeiture. The written notice shall inform the award recipient that he or she has ~~ninety (90)~~thirty (30) days from ~~the date receipt of~~ the notice ~~was sent~~ to resolve the disqualifying event before a final determination of forfeiture is made by the Executive Director of the Scholarshare Investment Board and that funds will not be distributed pending resolution of the disqualifying event. If the award recipient receives an unsatisfactory final determination, the award recipient may appeal the determination pursuant to section 31007(b). Such an appeal shall be submitted within thirty (30) days of receipt of the final determination.
- (c) After a final determination of forfeiture has been ~~made~~issued and no appeal has been submitted or the Scholarshare Investment Board has upheld the final determination, the Scholarshare Investment Board shall direct ~~the Scholarshare Investment Board's~~ its designee to withdraw the forfeited funds from the respective qualified scholarship account and deposit the funds into a forfeiture account within the Scholarshare Trust.

Section 31006 Refunds

- (a) If the award recipient receives a refund of any part of the distribution from the eligible educational institution, the award recipient shall notify the Scholarshare Investment Board's designee in writing of such amount and either provide evidence showing that the refunded amount was used for qualified higher education expenses or shall return the amount of the refund not used for qualified higher education expenses to the Scholarshare Investment Board's designee. The Scholarshare Investment Board's designee shall deposit any returned refunded amounts into the award recipient's account within the Scholarshare Trust.
- (b) If the eligible educational institution refunds any part of the award recipient's distribution to the Scholarshare Investment Board's designee, the Scholarshare Investment Board's designee shall deposit any returned refunded amounts into the award recipient's account within the Scholarshare Trust.
- (c) If a refund from the eligible educational institution to the award recipient or to the Scholarshare Investment Board's designee is based on a final determination pursuant to Section 31005, the Scholarshare Investment Board's designee shall deposit any returned or refunded amounts into a forfeiture account within the Scholarshare Trust.

Section 31007 The Appeals Process

- (a) In the event that a pupil wishes to appeal an adverse decision regarding the determination of his or her eligibility to claim an award, but excluding the scoring of exams, or if a controversy arises out of the administration of an award recipient's account, that pupil or award recipient may discuss the matter informally with the Scholarshare Investment Board staff or designee. If the dispute is not resolved, that pupil or award recipient may appeal the adverse decision. Such an appeal shall be in writing, ~~and~~ be mailed to the Scholarshare Investment Board, and shall include a signed and dated letter explaining the dispute and appropriate documentation to support the pupil's position. -The Scholarshare Investment Board will mail a written decision including the reason for the decision within thirty (30) days unless SIB notifies the pupil or award recipient of a different timeline. -of receipt of the appeal, unless another mutually acceptable time period is established.
- (b) In the event a pupil or award recipient is not satisfied with the resulting decision, he or she may request that the dispute be reviewed by the Executive Director of the Scholarshare Investment Board. Such a request shall be in writing and shall be ~~mailed to~~ received by the Executive Director within thirty (30) days of receipt of the adverse decision. The Executive Director shall mail a written decision, and the reasons therefor, to the award recipient within thirty (30) days of the request for the review or such period as may be mutually acceptable.

~~(b)(c)~~ In the event that an award recipient wishes to appeal a final determination by the Executive Director, the award recipient is notified by the Scholarshare Investment Board, of the occurrence of a disqualifying event set forth in Section 31001 and/or 31005 which would result in forfeiture, and the award recipient wishes to disprove such a disqualifying event, the award recipient shall provide a letter of appeal along with supporting documentation to the Scholarshare Investment Board within ninety (90) days of the date the written notice was sent.

~~1) A written decision, and the reasons therefor, shall be mailed to the award recipient within thirty (30) days of the receipt of the letter from the award recipient or such period as may be mutually acceptable.~~

~~2) In the event an award recipient is not satisfied with the resulting decision, he or she may request that the dispute be reviewed by the Executive Director of the Scholarshare Investment Board. Such a request shall be in writing and shall be mailed to the Executive Director. The Executive Director shall mail a written decision, and the reasons therefor, to the award recipient within thirty (30) days of the request for the review or such period as may mutually acceptable.~~

~~(e) If the pupil, or award recipient, is not satisfied with the resulting decision, he or she may request that the Scholarshare Investment Board review the decision of the Executive Director at its next regularly scheduled meeting. Such a request shall be in writing and shall be mailed received by the Scholarshare Investment Board within thirty (30) days of receipt of the adverse decision and at least thirty (30) days in advance of a scheduled meeting of the Scholarshare Investment Board. The pupil or award recipient shall provide supporting documentation that would justify a reconsideration of the Executive Director's decision. The Scholarshare Investment Board shall mail a written decision, and the reasons therefor, to the pupil or award recipient within ninety (90) days of the meeting.~~

(d) The decision of the Scholarshare Investment Board is the final administrative decision.

(e) For purposes of Section 31007, the terms pupil or award recipient shall include the pupil's or award recipient's parent or legal guardian, if applicable.